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China, Peoples Republic of

Livestock and Products

China Proposes to Ease Certification Requirements for Cosmetics Imports

2007

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Report Highlights:

On February 21, 2007, the Chinese WTO TBT Enquiry Point notified to the World Trade Organization (WTO) of a proposed policy change on the certification of imported cosmetics from countries with BSE. The new policy will become effective on August 1, 2007. This announcement is positive news for the U.S. cosmetics industry since they will no longer be required to submit a CTFA certificate with shipments to China. China's demand for imported cosmetics remains strong, and the country's imports increased by 40 and 84 percent respectively in volume and value in January 2007 over the same month of the previous year. Attached is an unofficial translation of China's WTO notification.

Includes PSD Changes: No
Includes Trade Matrix: No
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Executive Summary

On February 21, 2007, the Chinese World Trade Organization (WTO) Enquiry Office at the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) notified to the WTO of a draft policy change on cosmetics imports from countries with bovine spongiform encephalopathy (BSE). The new policy will become effective on August 31, 2007.

According to the new policy, Chinese importers will be no longer requested to provide the Cosmetic Certificate for BSE issued by the health administrative department, or officially authorized agencies in BSE countries, including the United States, when they apply for health permits with the Ministry of Health (MOH) or declare for import inspection and quarantine with the Chinese entry-exit inspection and quarantine bureaus under AQSIQ. MOH and AQSIQ have jointly listed forbidden high-risk materials in cosmetics from BSE-infected countries for manufacturers in those countries. (Please refer to the unofficial translation of China's WTO notification below.)

This announcement is positive news for U.S. suppliers since they are no longer required to submit the BSE certificate issued by the Cosmetic, Toiletry and Fragrance Association (CTFA). During 2004, in order to maintain market access for U.S. cosmetics in the wake of the December 2003 detection of BSE in the United States, FAS Beijing helped broker this interim certification requirement through CTFA.

China's demand for imported cosmetics remains strong—imports in January 2007 increased by 40 and 84 percent, respectively, in volume and value from the year before

As China's living standard and disposable incomes continue rising, so does consumer demand for imported cosmetics. China's total cosmetics imports in 2006 increased by 62 percent to 12,988 MT from 8,019 MT in 2004, and China's total import volume in the first month in 2007 increased by 40 percent over the same month in 2006. China's total import value for cosmetics in 2006 reached \$276.5 million, a 94 percent increase from \$142.8 million in 2004. China's total import value in the first month in 2007 increased by 84 percent compared with the same month in 2006. The United States is the second largest supplier to China after France, accounting for 26 and 21 percent respectively in China's total import volume and value in 2006.

FAS Beijing believes this new policy will facilitate imports of cosmetics imports.

Table 1: China cosmetics imports in volume

China Cosmetics Imports, 2004-2007 (MT)						
	Jan-Dec Quantity	Jan-Dec Quantity	Jan-Dec Quantity	Jan - Jan Quantity Comparison		Jan - Jan % Change
Origin	2004	2005	2006	2006	2007	2007/06
World	8,019	10,515	12,988	779	1,092	40.18
France	2,163	2,752	3,506	159	319	100.63
United States	2,045	2,974	3,332	98	294	200.00
Japan	980	1,369	1,543	90	132	46.67
South Korea	276	675	1,038	131	102	-22.14
United Kingdom	250	315	470	23	52	126.09
Taiwan	1,025	861	902	71	49	-30.99

Australia	50	53	63	3	36	1100.00
Monaco	120	230	303	12	18	50.00
Other	1,110	1,286	1,831	192	90	-53.13
HS Code: 3303.0000, 3304.1000, 3304.2000, 3304.3000, 3304.9010 and 3304.9900						
Source: WTA China Statistics						

Table 2: China cosmetics imports in value

China Cosmetics Imports, 2004-2007 (\$1,000)						
	Jan-Dec Value	Jan-Dec Value	Jan-Dec Value	Jan - Jan Value Comparison		Jan - Jan % Change
Origin	2004	2005	2006	2006	2007	2007/06
World	142,754	210,032	276,452	15,118	27,787	83.80
France	50,774	66,992	97,562	4,765	10,696	124.47
United States	27,204	50,251	58,288	2,083	5,493	163.71
Japan	29,756	43,689	50,884	3,371	5,023	49.01
South Korea	3,562	11,388	15,600	1,832	1,799	-1.80
United Kingdom	591	545	10,458	676	1,155	70.86
Taiwan	4,132	4,384	5,733	528	388	-26.52
Australia	332	316	545	30	97	223.33
Monaco	3,707	6,856	6,917	247	606	145.34
Other	22,696	25,611	30,465	1,586	2,530	59.52
HS Code: 3303.0000, 3304.1000, 3304.2000, 3304.3000, 3304.9010 and 3304.9900						
Source: WTA China Statistics						

Translation of China's draft policy change notified to the WTO

(Unofficial Translation, FAS Beijing)

Notification on Modifying the Management Measure For Cosmetics Imported From BSE-Infected Areas (Draft) (February 21, 2007)

To further strengthen the management on cosmetics imports, the measure on imported cosmetics from BSE-infected areas will be adjusted as follows.

- I. It is forbidden to import cosmetics with high-risk materials from BSE-infected areas as listed in the appendix of this notification. The Ministry of Health (MOH) and the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) will revise and announce the list of high-risk materials based on risk assessments result.
- II. Importers will be no longer requested to provide the Cosmetics Certificate for BSE issued by the health administrative department or officially authorized agencies in BSE countries when applying for a health permit (or recorded certificate) with the health administrative department or declaring for inspection and quarantine with the entry-exit inspection and quarantine authorities, which are under the State Council.

- III. Imported cosmetics with high-risk materials listed in the Appendix from BSE-infected areas will be dealt with based on Chinese laws and regulations.

This notification will become effective on August 31, 2007

Appendix:

Forbidden High-Risk Materials in Imported Cosmetics from BSE-Infected Areas

1. Bovine and ovine brain, spinal cord, skull, vertebral column, eyes, tonsils, intestines, cerebrospinal fluid, pituitary, duramater spinalis, pineal, spleen, thymus and other lymph tissues, blood, umbilical cord, ovaries, placenta, tongue, livers, adrenal glands, pancreas, etc., as well as their products.
2. Gelatin or collagen derived from bovine or ovine bones without high pressure washing (fat skimming)—softening through acid washing—acid or alkaline treatment—filtration—sterilization with temperature at or above 138 degrees of centigrade no less than 4 seconds.

End report